

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING – MAY 7, 2003

PRESENT: Chairman Anthony Maiola and Commissioner Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Peter Engel, Director of Store Operations; Howard Roundy, Director of Information Technology; Richard Gerrish, Spirits Marketing Specialist; Nicole Horton, Wine Marketing Specialist; George Tsiopras, Chief Financial Officer; Tom Manning, Interim Human Resources Administrator; Brian Law and Michael Goclowski, Law Warehouses

EXCUSED: Commissioner John Byrne

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. Financial Reports

A. Weekly, Y-T-D Sales Reports:

The SA1000 report for the week ending May 4, 2003 shows retail sales were up almost 10.2%, on-premise sales were up about 1.6%, off-premise sales were down -5%, and total aggregate sales were up approximately 4.9%. The traffic count increased by 712, as did the average sale by \$1.72.

The W-1 Total Weekly Sales Report for the same week confirms that total sales for the week were up about 4.9% or \$281,104, and were also up for the year by 5.47% or \$15,067,932. Wine sales increased 2.53% or \$68,170 over the same week last year, as they did for the year by 8.95% or \$11,102,234. Sales of spirits for the week were up 7.1% or \$212,933, and were also up year-to-date by 2.62% or \$3,970,334.

B. Budget Reports:

Referring to the current outstanding depletions and post-offs report, there is one broker in arrears who has paid only one-half of what he owes. Chairman Maiola felt there was no need for concern, as long as a company is consistent in making payments.

The Commission's status report will be forwarded to the Governor's office today.

Several meetings and projects have been scheduled. An SEA sub-unit discussion will take place this afternoon. The Bureau Chiefs will meet at 1:00 p.m. today in the 1st floor conference room. Work is beginning on the licensee project for Enforcement. The request for a \$90,000 transfer is on the Governor and Council agenda for this morning. However, it appears that the Portsmouth project did not make this agenda. Craig will inform the Commission when he finds out why. He has a call into D.O.T. to ask if they have any information.

The latest W-6 Expense Budget Activity Variance Report shows the year to be at about 84.93% complete; as of May 6th the Commission has expended 85.03% of the

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budget. The transfer for utilities was presented to Administrative Services earlier in the week. It will make the mid-May Fiscal Committee meeting for the Governor and Council meeting in June. \$5,000 for salaries and \$1/2 million for benefits requests have also been submitted to Administrative Services.

The auditors called today to say that they will not be coming in until Friday or next Monday.

The Commission should be able to meet today's deadline on the Governor's office's latest request relative to IT personnel.

\$15,000 has been requested from the General Fund to meet the match for the Enforcement tobacco funding program.

Credit card usage by licensees appears to be progressing fairly well. George would like to see this moved in order to eliminate tracking of in-house credit. John Bunnell asked for a report at the end of the month showing a comparison with last year.

2. IT Report

All stores have been installed with the Paymentech conversion on time. Store #34 in Salem was the last to be completed, due to renovations presently taking place which have changed the store set up. It is expected that the procedure which will allow the interface to process payment will be ready by the end of the month. This program will probably not be ready for the web until Law Warehouse is up and functioning.

Work being done on the new software financial system is right on target and should be completed by next week. In addition, replacement of the old payroll leave system is pretty much on target, and should be ready for implementation by the end of the fiscal year.

IT is also working on a few issues regarding PIN pads at the store level to make it easier for customers to use.

Wine brokers will be attending a meeting today at 10:00 a.m. at the Marriott relative to depletions, special purchase allowances and electronic filing. Mike Gocłowski briefly reviewed two handouts he designed to help introduce those present to the new broker ordering system, including allocated and restricted products.

The Committee welcomed Tom Manning, who will be working part-time at the Commission as Interim Human Resources Administrator in George Liouzis' absence. Tom thanked everyone for being so accommodating to his needs since his arrival.

II. MARKETING & SALES REPORTS

1. Store Operations:

Total retail store sales for the week ending 5/4/03 were up 8.6% or \$358,014.72. Peter mentioned that variances for Store #11 Lebanon have surpassed \$1 million to date.

Personnel from 56 stores received gift card training within two days; this will continue in the North Country and Lakes Region today. 35,000 gift cards have now been distributed. Some improvements have been made regarding ACR issues.

Renovations are moving right along at Store #34 Salem, with the southern half of the store now operational. Commissioner Maiola said the plumbing issues at Store #38 Portsmouth had been resolved, and work will be resumed there today.

a. Memorial Day – Monday, May 26, 2003:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve store openings (including three additional ones) and staffing patterns for Memorial Day, Monday, May 26, 2003, as recommended by Peter Engel, Director of Store Operations and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Revised Return Policy:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve a revised return policy, to be displayed in various locations throughout each store, as recommended by Peter Engel, Director of Store Operations and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. 2000 Bordeaux Roll-Out – Security Details:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve the provision of security, through the Enforcement Division, to Store #25 Stratham, Store #60 West Lebanon and Store #69 Nashua during the 2000 Bordeaux Roll-Out, scheduled for Thursday, June 5, 2003 from 5:00 to 8:30 p.m., as recommended by Peter Engel, Director of Store Operations and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2. Purchasing Report

A few Stolichnaya items appear on this week's out-of-stock report, which may have been received by now.

John would like to have delisted wines put in one store location in a specific area in an attempt to keep inventory clean. Some brokers have come forward with markdowns, which will be discussed at today's broker meeting. There is presently about \$1/2

million worth of wine to liquidate. Brian Law remarked that there is still a lot of inventory at Law which is over six or twelve months old. He will work with John Bunnell to help clear this up.

3. Merchandising Report

A. Request for Proposal – Advertising 5/7/03 Commission Meeting:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission award a bid from O’Neil Griffin Bodi, Inc., Manchester, New Hampshire, to renew the current advertising contract that will expire on June 30, 2003, for a period of three (3) years (July 1, 2003 through June 30, 2006) with one two-year option to renew to June 30, 2008, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

1) Recommended Wine Specialty Products (5 items):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve the listing of five (5) wine codes as wine specialty products, to be carried in wine specialty stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Not Recommended – Wine Specialty & Allocated (1 item):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission not approve the listing of one (1) wine code submitted for wine specialty status, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Recommended Allocated & Restricted Wines for Distribution to Selected Stores (4 items):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve four (4) allocated and restricted wines for distribution to selected stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Primary Source Submissions (4 items – primary source; 14 items – exclusive agent; 23 items – imported:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve the listing of four (4) wine codes which are from primary source; fourteen (14) wine codes which are not from primary source, but are offered by the exclusive marketing agent; and twenty-three (23) wine codes which are not from primary source, but are imported, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) Recommended for Inventory Close-Out:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve fifteen (15) wine codes to be featured on sale in order to close out remaining inventory, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

III. ENFORCEMENT & LICENSING REPORT – None.

IV. CHAIRMAN'S REPORT & LATE ITEMS

1. Bailment Requests:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve previously reviewed requests for bailment releases/transfers dated May 1 through May 6, 2003. The motion was unanimously adopted.

2. Coupon Approvals:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve previously reviewed requests for coupon approvals (pad, necker and consumer offer) submitted for the month of May 2003. The motion was unanimously adopted.

3. Late Items: None.

Anthony C. Maiola, Chairman

/D. Hartford

Patricia T. Russell, Commissioner

